TARGET DATE ANALYTICS LLC

BrightScope™

POPPING THE HOOD VI, 2013

AN ANALYSIS OF TARGET DATE FUND FAMILIES

Authors: Craig L. Israelsen, PhD ▪ Joseph C. Nagengast
Researchers: Brooks Herman ▪ Justin Siu

Table of Contents

Fund Family Reports

Appendix

Fund Family Report - American Century One Choice SM

Overall Grade: **5**

EXPENSES

INSTITUTIONAL FAMILY MEAN EXPENSE RATIO: 0.67%

OVERLAY FEE: ❑Yes ☑No

FUND PROFILE

FUNDS' OBJECTIVE: The fund seeks the highest total return consistent with its asset mix.

UNDERLYING SECURITIES: 100% Proprietary Mutual Funds

OPEN/CLOSED ARCHITECTURE: ❑Open ☑Closed

PERCENTAGE OF UNDERLYING ACTIVE: 100%

TO/THROUGH: ☑To ❑Through

LANDING POINT: Target Date

EQUITY % AT TARGET DATE: 45%

FIRST INCEPTION DATE: August 31, 2004

AUM IN STRATEGY: $7 Billion

COMPANY PROFILE

ADVISOR: American Century Investment Management, Inc.

PARENT COMPANY: American Century

DAY-TO-DAY MANAGERS AND TENURE:
Scott Wilson, December 2006
Enrique Chang, January 2009*
Scott Wittman, June 2009
Richard A. Weiss, May 2010

INDEPENDENT CHAIR: ☑Yes ❑No

MANAGEMENT INVESTMENT IN FUNDS:

3 of 10 Board Members

4 of 4 Managers

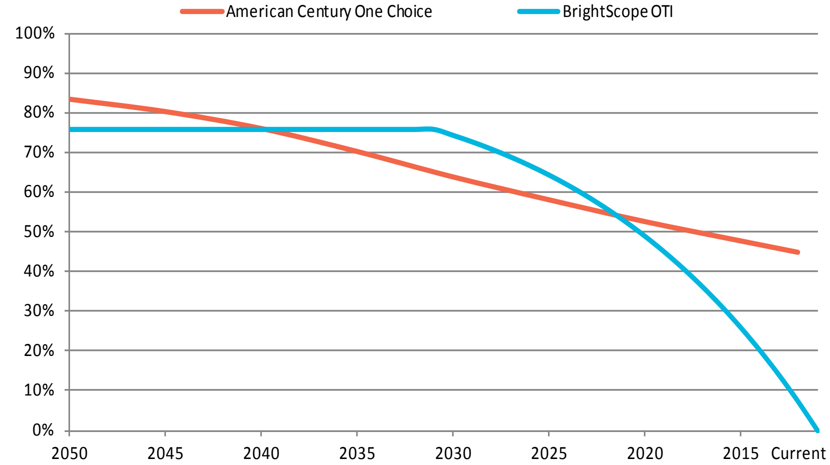
*Departed the firm in 2013.

Fund Family Grade

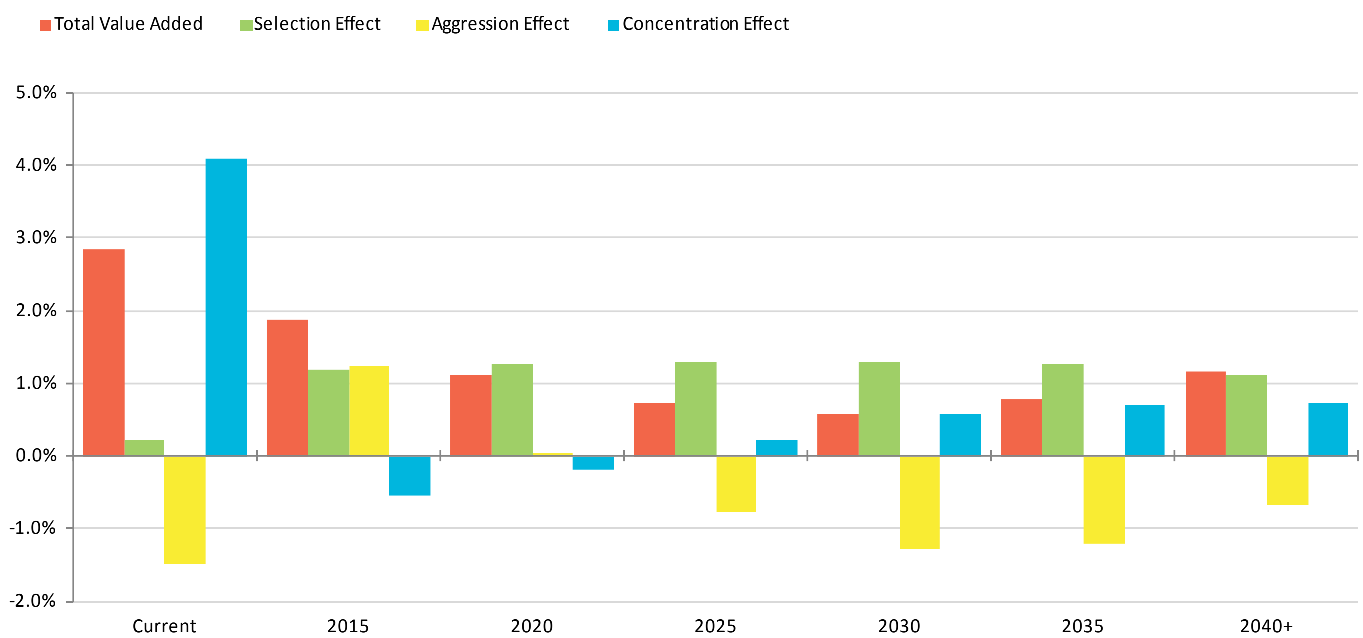
AMERICAN CENTURY ONE CHOICE	
OVERALL GRADE	**5**
ORGANIZATION	5
STRATEGY	3
PERFORMANCE	5
RISK	4
FEES	4

5: Excellent 4: Above Average 3: Average 2: Below Average 1: Needs Improvement. For more information on how the fund family grades are calculated, please refer to Appendix 4 on page V.

Glidepath: American Century One Choice



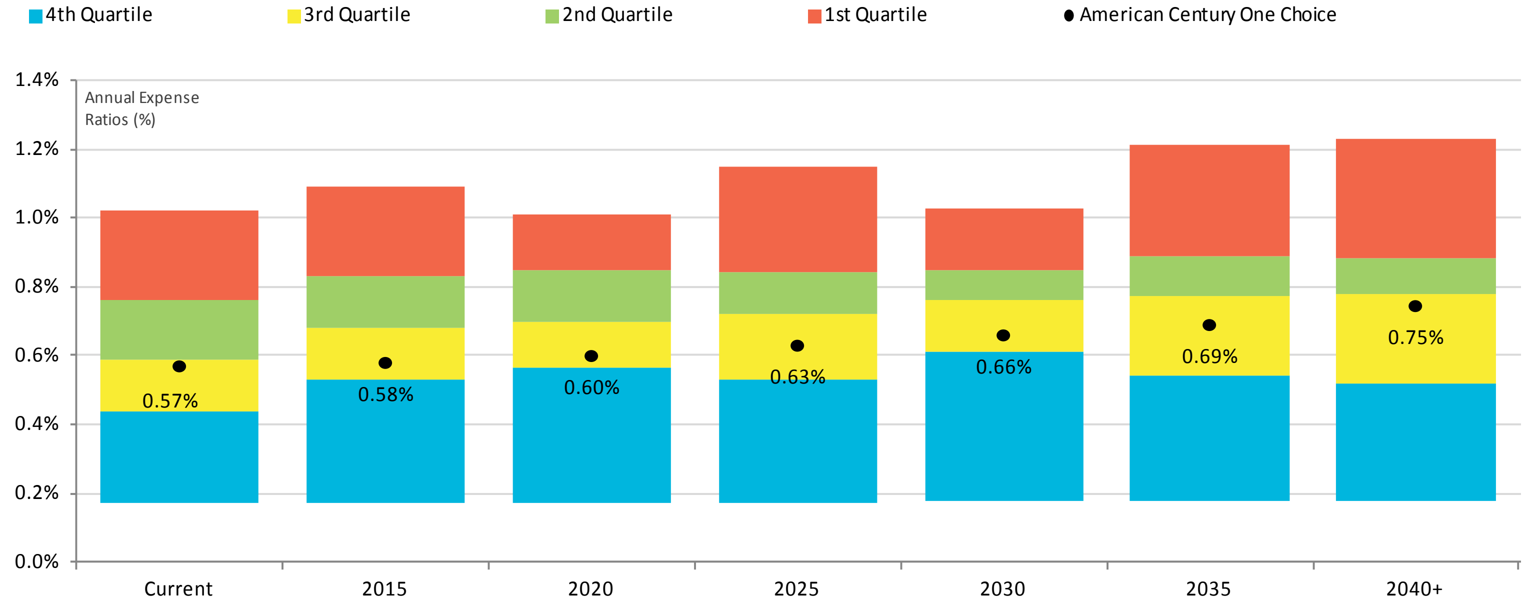
Performance Attribution (3-years): American Century One Choice



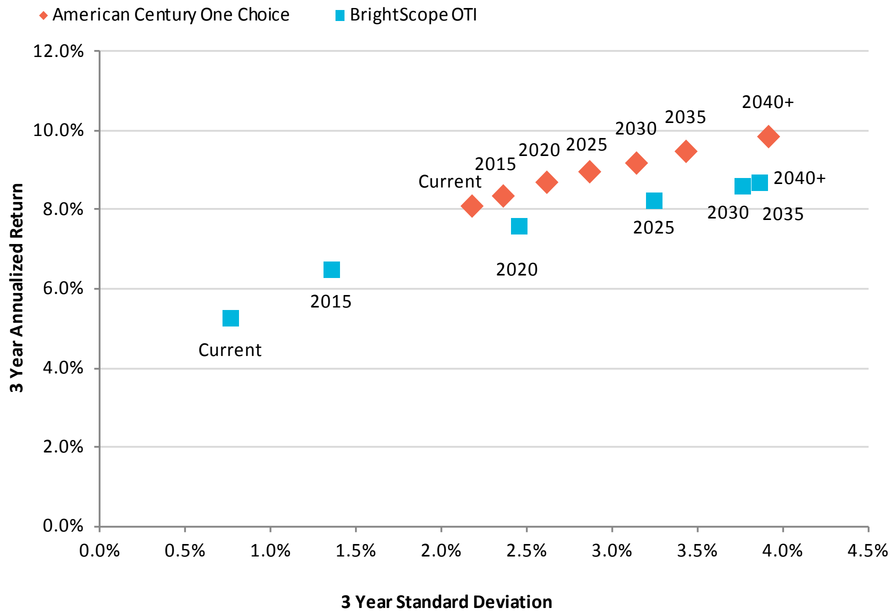
*For more information on the methodology of the study, please refer to Appendix 3 on page III.

Fund Family Report - American Century One Choice℠

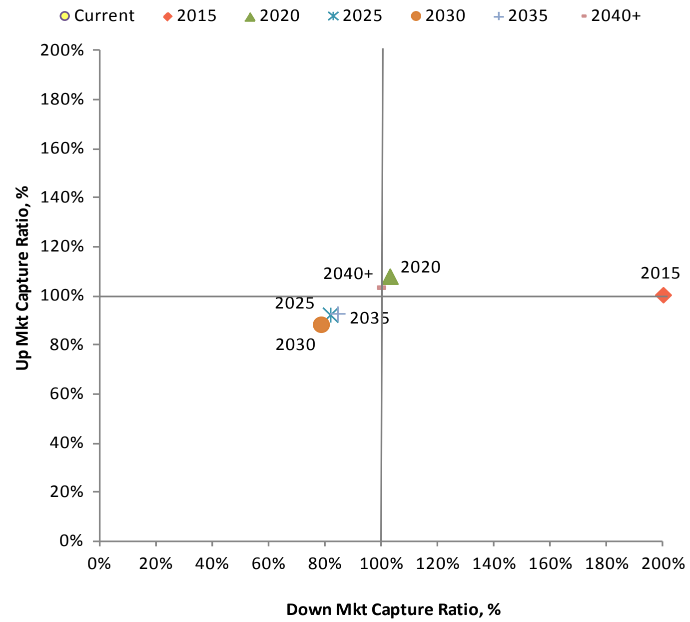
Expense Ratio - Institutional Shares American Century One Choice vs. Peer Group



3 Year Risk & Reward: American Century One Choice vs. BrightScope OTI

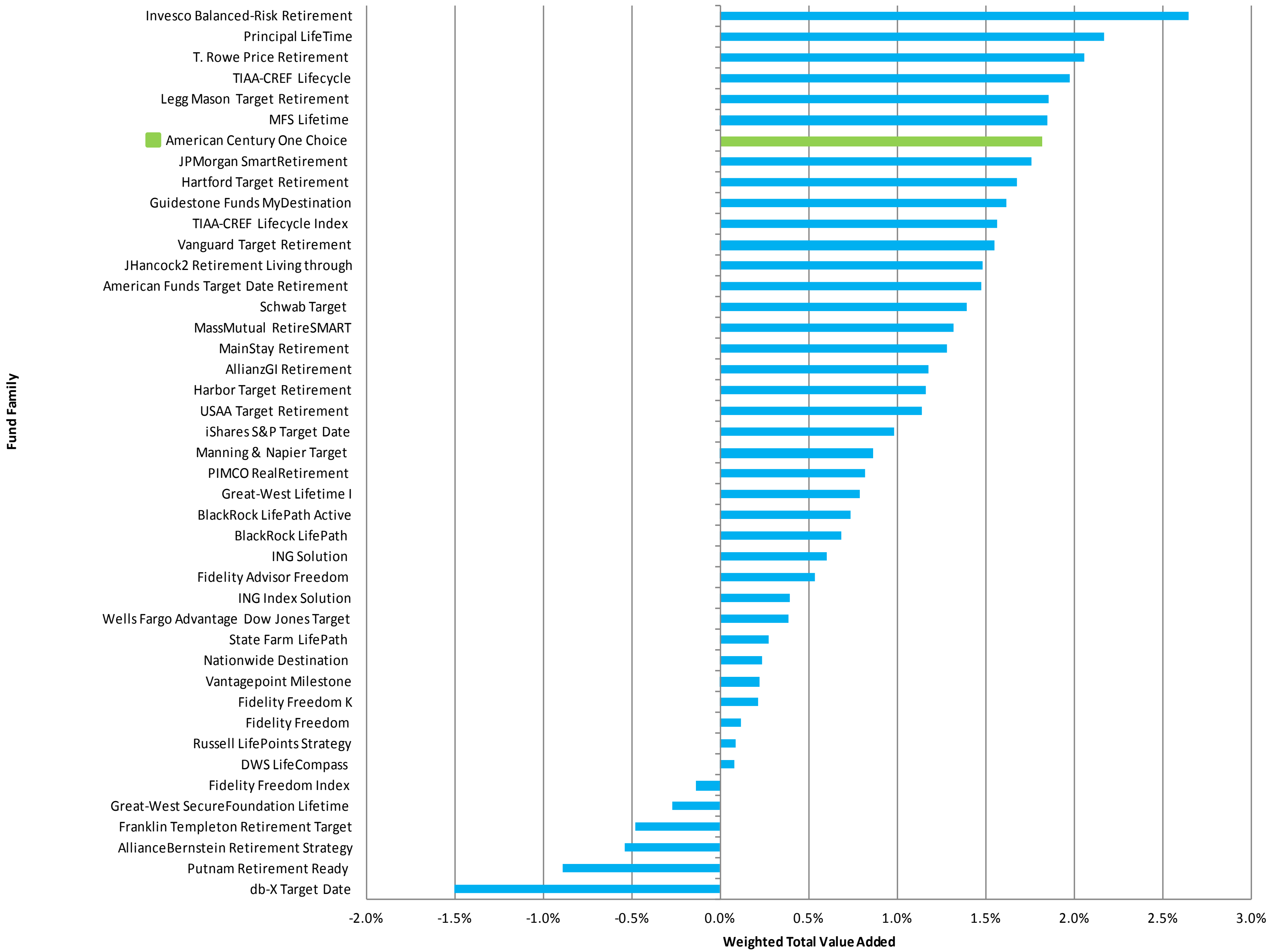


Upside / Downside Capture Ratios: American Century One Choice



Fund Family Report - American Century One Choice℠

Weighted Total Value Added vs. BrightScope OTI: American Century One Choice vs. BrightScope OTI



Fund Family Report - American Century One Choice[SM]

Company Commentary

(Previously named the American Century LIVESTRONG Portfolios)

For the third year running, American Century One Choice Portfolios continue to turn in top overall results, earning an Overall "5" this year. First introduced in 2004, this fund family now has 8 years of return history.

American Century earned a "5" for Company and Organization, our effort to assess the quality of the organization behind the funds. The funds use 100% proprietary underlying funds and 100% active management. On the other hand, they have substantial investment in the funds by the fund managers and moderate investment by the board of directors – two measures which we believe indicate a high degree of confidence by the company in their own funds. To their credit, they do not add an overlay fee to the weighted average expense ratio of the underlying funds. The prospectus is very clear about the funds' strategy, and clearly advises investors what they will hold at the target date: 45% equity, 45% fixed income and 10% money market. That is a fairly high landing point – good news for those who prefer a high equity allocation at the target date, a caution for those who prefer a lower allocation. In addition, the prospectus states, "The fund seeks the highest total return *consistent with its asset mix*" (italics ours). We think that description could use some improvement. (See the note on "Circular Objectives" to read more.)

The institutional share class carries an average expense ratio of just 0.67%, low enough to earn them a "4."

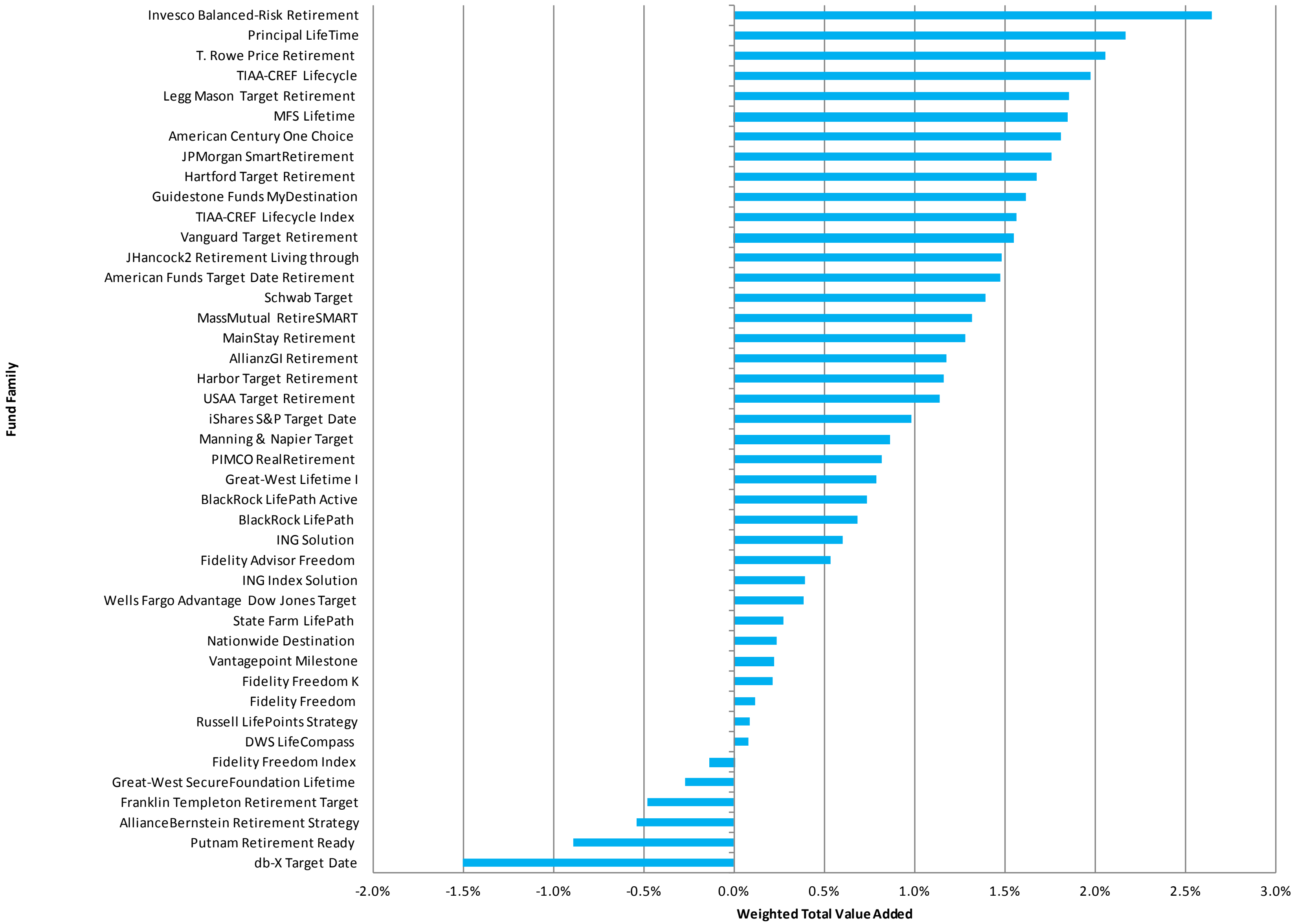
They earn a "3" for Strategy. They get the most critical feature of the glidepath right, bringing it down to its landing point at the target date, a strategy that has been called "truth-in-advertising" for TDFs; that is, the date in the name of the fund corresponds to the actual landing point of the strategy. They also load up on return capacity early in the glidepath, a time when most investors can and should take the risk. The prospectus states that the company does not intend to deviate from the glidepath, except in extraordinary conditions. They specifically say they do not intend to engage in tactical asset moves—an encouraging note for those who want to know where their glidepath is headed.

For the three years ended December 31, 2012, the funds turned in 1.81% Total Value Added over the BrightScope OnTarget Indexes (OTI), earning a "5" in Performance. They earned that Total Value Added while only realizing 112% of the downside capture of the OTI, earning a "4" for Risk. (See Appendix 4 for an explanation of our Total Value Added Performance and Downside Capture Risk measurements.)

The American Century One Choice Portfolios also scored at the top in our last three comprehensive studies, Popping the Hood III, IV and V, with data through December 31, 2007, December 31, 2010 and December 31, 2011 respectively. They have a very solid offering, and with so much going for them, it is easy to see how they have grown their assets under management to over $7 billion. We think more plan sponsors and consultants should be giving American Century a look.

Appendix 1

CHART OF TOTAL VALUE ADDED COMPARED TO BRIGHTSCOPE OTI, RANKED BY FUND FAMILY



Appendix 2

NOTE ON CIRCULAR OBJECTIVES

As of this writing, the prospectuses for nearly one half (22 of the 48) TDF families contain circular objectives. These circular objectives are typically written in the following way: "The fund seeks the highest total return consistent with its allocation." If the objective depends on the allocation strategy then one has to wonder where the allocation strategy came from. That's what we mean by "circular".

A prospectus is a legally required document intended to provide investors with important information about a fund, yet these circular objectives fail to provide any solid point of reference for investors seeking to learn what the funds hope to achieve and how. When something as critical as the fund's objective is ill-defined, it raises questions about the fund construction and delivery. If the portfolio managers do not understand their assignment any more clearly than a circular objective indicates, how can we expect them to maintain a coherent strategy? We believe that a more clearly defined objective tied to investor behavior is required to assist plan sponsors and advisors with their job of properly selecting and monitoring target date funds.

Appendix 3

METHODOLOGY

Popping the Hood is a comprehensive analysis of target date fund families. Unlike many research reports that focus on individual funds, Popping the Hood analyzes fund families. This section outlines how we accomplish the family-level analysis.

Data

The data used in the study were collected primarily from Lipper's database of mutual funds as of December 31, 2012. The current dataset consists of management information, fees, asset allocation, equity and fixed income characteristics on forty-eight target date fund ("TDF") families. Performance measurements are also considered for forty-three of the fund families, which have at least three years of performance history. We also made use of the public information provided by the fund companies. Such information as name of the Adviser, parent company, manager turnover, and information about the board and the portfolio managers, etc., was gathered from Prospectuses, Quarterly and Annual Statements and Statements of Additional Information.

BrightScope OnTarget Index Series ("OTI")

The benchmarks in Popping the Hood VI are the BrightScope OnTarget Indexes. In 2007, we formed a new company, Target Date Analytics LLC, for the specific purpose of creating suitable indexes for benchmarking target date funds, and for licensing these indexes to those who wish to offer a fundamental, indexed approach to target date investing. Please see Appendix 6, Working with the BrightScope OnTarget Indexes, for more information about licensing our indexes, either for portfolio construction or for benchmarking. In 2009, a partnership was formed between BrightScope and Target Date Analytics to promote better benchmarking of TDFs. One result of that partnership is the BrightScope branding of the OnTarget Indexes. The BrightScope OnTarget Indexes were constructed using thorough and sound theoretical underpinnings. The indexes utilize investable index funds for their underlying assets. The series of target date indexes consists of Current, 2010 (now retired), 2015, 2020, 2025, 2030, 2035, 2040, 2045 and 2050. For more detailed information on the BrightScope OnTarget Index Series, please visit our website: www.ontargetindex.com.

Data constraints

Some assets—floating rate notes, commercial paper, convertible securities, options, etc.—defy easy categorization into cash, bonds, equities, and other. The fund companies may view some of these sub-categories differently from our data provider. In addition, the data provider's portfolio composition data is not necessarily updated each quarter, so there may be a lag between the composition reported by our data provider and the most recent composition reported by a fund company. We strive for consistency and would make corrections to the reported data if we felt it was consistent with our overall approach and would not in itself cause an inconsistency between how we reported one fund company and others.

Share Classes

The study is based on the lowest price share class offered by each fund family, typically the institutional share class. This allows us to compare each fund company's lowest price share class with all the other companies' lowest price share classes. Once you move away from that share class, the comparisons become uneven. With the lowest price share class, we have the commonality of the floor. Readers of the study are cautioned that they may not be able to purchase the share class we used in our study, and higher priced share classes could merit a substantially lower grade. In some cases, when a new share class has been recently introduced with expense ratios lower than an older share class, we have continued to use the older share class, and will do so until the lower priced share class has enough performance history to justify its use in the study.

Peer Groups

The data on these fund families were organized into defined peer groups based on the investment horizon (timeframes) of these funds. The peer groups are organized as follows:

- **Current**: all retirement income funds and any funds, such as 2000, 2005, or 2010 already past their target date

- **2015:** all 2015 funds
- **2020:** all 2020 funds
- **2025:** all 2025 funds
- **2030:** all 2030 funds
- **2035:** all 2035 funds
- **2040:** all 2040 funds
- **2045:** all 2045 funds
- **2050:** all 2050 funds
- **2055:** all 2055 funds

Notes on the peer groups*: most of the peer groups require no explanation. The Current peer group is defined as it is because we focus our measurement efforts on the "accumulation" phase—or that period of time prior to the target date. Funds past their target date are theoretically no longer accumulating but have entered the distribution phase. We measure all distribution products in one peer group. For more on this issue please visit our web site, www.ontargetindex.com.*

In some charts, because of space constraints, and because there is very little difference in the distant, or long-dated funds; such as the allocation difference between a 2045 fund and a 2050 fund, we have also collapsed the long-dated funds, 2040, 2045, 2050 and 2055, averaging them and expressing them as 2040+.

Appendix 4

ORGANIZATION OF THE STUDY

We examine each fund family from a number of perspectives and present what we take to be the most relevant and critical findings and points of analysis. We group our findings into five major components for scoring. See the Scoring section below for details. With each edition of Popping the Hood we receive input and comments from our readers. We evaluate that input and make changes to the organization of the study where warranted and possible.

Change of Grading

One comment we took to heart from previous studies is the removal of the letter grades. Previously, we assigned letter grades (A-F) for our overall score and component scores. Low grades were viewed as incendiary and inflammatory by some, and the power of the critique — and potential for meaningful change — was lost in the process. We have subsequently changed our assessment to a 1-5 scale with the following values:

- 5: Excellent
- 4: Above Average
- 3: Average
- 2: Below Average
- 1: Needs Improvement

We feel this change in communication in scoring maintains the validity of Hood reports, documents higher achievers in our study as well as communicates where others could use improvement.

Component #1: Company/Organization

A brief background of the target date family and its management company is provided. We list fund inception dates and assets under management. Portfolio manager tenure and turnover are considered. Does the current manager 'own' the performance history? Does the company use all proprietary mutual funds, or are there exceptions? Does the fund company use all proprietary instruments and charge an "overlay" fee; that is, a management fee in addition to the average weighted expense ratio of the underlying funds? Is the chair independent? Do portfolio managers and board members invest their own money in the target date funds? Are the statements of Fund Objective and Investment Strategy clearly articulated, or do they befuddle, confuse or mislead? The answers to these questions help us to form a picture of the company and their organizational approach to providing a series of TDFs. You will find the answers to most of these questions in each fund family's report.

Company/Organization Score

We establish quantitative scoring values for the range of possibilities for many of the characteristics listed in the preceding paragraph. Then we assign scores to each series for each of the quantified characteristics. The scores for each fund series are totaled to arrive at a Company/Organization score. The scores are then divided into five bands for assignment of numerical grades, 1 to 5. The Company/Organization score counts for 10% of each company's total, or Overall score.

Component #2: Strategy

We also evaluate each series on the method or strategy they employ to manage their TDFs. Does the date in the name of the fund correspond to their strategy? Is the target date actually the landing point of the glidepath? Does the glidepath descend in a straight line from the beginning to the end? Is there any recognition in the curve of the path of the geometric increase in risk as the target date approaches? Do they manage pools of individual securities, favor active management or use index funds or ETFs? When the target date is reached what is the equity risk exposure?

Strategy Score

We establish quantitative scoring values for the range of possibilities for many of the characteristics listed in the preceding paragraph. Then we assign scores to each series for each of the quantified characteristics. The scores for each fund series are totaled to arrive at a Strategy score. The scores are then divided into five bands for assignment of numerical grades, 1 to 5. The Strategy score counts for 15% of each company's total, or Overall score.

Glidepath

For the glidepath comparison chart we track the line of equity allocations (plus equity-like securities, such as real estate, commodities, and alternative investments) as that line descends overtime, from left to right. For the purposes of developing this line we assume that the allocation in a 2020 fund five years hence will approximate the allocation of a 2015 fund today. We recognize that some companies make broad use of tactical discretion in managing their allocations and in those instances the glidepath comparison chart will be less informative. Nevertheless, even the tactical companies attempt to establish a glidepath baseline, and the chart should be helpful in comparing the subject company's baseline glidepath to the OTI. A quick look at the chart lets readers see where the company is taking more or less risk than the OTI and thus more thoroughly informs them of the company's strategy.

Performance & Risk

The two most challenging aspects of TDFs for comparison purposes are performance and risk. For a number of reasons, the traditional measures are inadequate. Consider that we are comparing a family of funds, not a single fund. We are comparing funds that generally have a very limited performance history. We are also comparing funds across companies that have substantially different understandings of their mandates, and as a result, have substantially different allocations. Moreover, in most markets we expect that the returns of the long-dated funds, (2040, 2050, etc.) should be substantially different from the near-dated funds (2015, 2020, etc.). We are examining the performance and risk characteristics of "moving targets"—so to speak. By design, target date funds are dynamic. Because of their shifting allocations, the fund whose performance and risk we are measuring no longer exists in its former state. It has evolved as it moved along the glidepath. Yet plan sponsors and their advisors must make decisions about the future armed only with information about the past. This problem is not unique to the assessment of TDFs; however, it is magnified by the non-static asset allocation model that is characteristic of a target date fund.

Component #3: Performance

Return

Given the short performance history of the funds being studied, merely reporting raw unadjusted performance can be too nearsighted. It is a measure of "tail-wind" rather than performance generated by management. Reporting raw one-year returns may be worse than meaningless; it is potentially misleading. Fortunately, as of December 31, 2012, 43 of the 48 fund families in the study have three-year performance histories. Grateful as we are to have such a substantial base to work with, we are still aware that raw, three-year, total return history by itself would be a poor measure with which to evaluate the funds meant to stand as the comprehensive default investment strategy for millions of Americans.

Performance Attribution & the Glidepath

Knowing where returns come from is always preferable to merely comparing raw returns, but when a series of glidepath-driven funds is being evaluated, it is even more important. If a major source of the return came from taking on a lot of risk in a long-term portfolio, such as a 2040 fund, the investor might not be too concerned. However, if outperformance in a 2015 fund was accomplished simply by being more aggressive than its peers or its benchmark, a prudent investor would take note. Moreover, looking at differing attribution effects across the glidepath gives the prudent investor insight into skill versus luck. Were the returns earned by the market, or by the manager? Is a string of luck likely to be repeated by maintaining the manager's investment strategy?

Total Value Added

Our performance attribution calculations begin by measuring the difference between the actual return of the fund being evaluated and the return of the fund's benchmark, namely each TDF's corresponding index within the BrightScope OnTarget Index Series. We calculated Total Value Added for the 43 fund families with 3-year performance history as of December 31, 2012. Total Value Added is calculated for each fund in a TDF fund family.

Average Total Value Added

This is Total Value Added for the entire fund family. To make Total Value Added meaningful at the fund family level, we calculate a weighted average of Total Value Added across all funds in the fund family. The weighting schedule assigns each fund to a bucket—Current, near, or far—and gives a higher value to Current funds and funds close to their target dates than to long-dated funds such as 2040 funds. The near bucket consists of 2015, 2020, and 2025 funds, while the far bucket consists of funds at 2030 or beyond. Within each bucket, the average Total Value Added for that bucket is calculated, and then each bucket is weighted to calculate the Average Total Value Added for the entire fund family. *Note*: shorter-term funds are more critical to investors because they tend to have the highest balances, and because they are nearer to the point where they will be relied upon for retirement income. Implementing this weighting schedule inherently recognizes the glidepath and the tendency for each long-dated fund to eventually assume the performance and risk profile of the near-dated funds. Current funds are weighted 1.5X; near funds are weighted 1.25X; and, far funds are weighted 1X.

Average Total Value Added is the performance factor we use to grade fund families in Popping the Hood VI. The 43 fund families with three-year performance histories are arranged along a curve and assigned numerical grades from 1 to 5 for their Average Total Value Added scores. These fund company grades are relative to their peers with three-year performance history. The Performance score counts for 30% of each company's total, or Overall score.

Components of Total Value Added

The return differential, Total Value Added, can be broken down into the sum of the following three component effects: Selection, Aggression and Concentration.

Selection Effect

For each fund with a three-year performance history we also calculate a Selection Effect. This is the difference between the fund's actual return and the return the fund would have earned had it implemented its asset allocation passively, using primarily index funds. *Simply put, we created a three-year (2010-2012), fund-specific, allocation-weighted return for each target date fund.* This fund-specific, passive return was then subtracted from the fund's three-year total return resulting in "Selection Effect", which could be positive, zero, or negative. The "Selection Effect" was calculated for each fund within every fund family if it had a three-year performance history as of 12/31/2012.

Aggression Effect

Once the Selection Effect has been isolated, the remaining return differential between a fund and its benchmark can be attributed to allocation. We break allocation down further into two components: Aggression and Concentration. The Aggression Effect is the value added or subtracted because the TDF has an equity allocation that is different from the BrightScope OnTarget Index.

Concentration Effect

The Concentration Effect is the value added or subtracted because the fund is more or less diversified than its benchmark, The BrightScope On Target Index. Together, Concentration Effect + Aggression Effect = Allocation Effect.

Component #4: Risk

As noted above, evaluating TDFs and fund families on relative risk is itself a daunting task. In the eight years of reporting on target date funds in our Popping the Hood reports we have pressed ourselves to find or develop the most appropriate measure or measures to that purpose. Here we are faced with the same challenge as that of finding the appropriate performance measure; that is, most funds have too short of a history to adequately measure risk. Recognizing, as we did for performance, that we now have over 43 fund families with three years of performance history, Downside Capture Ratio delivers the most meaningful measure of risk.

Downside Capture Ratio

Downside Capture Ratio is the percentage of performance, relative to the BrightScope OnTarget Index, that a particular fund captured during months when the BrightScope OnTarget Index return was negative, or "down." A low Downside Capture Ratio is more desirable.

Average Downside Capture Ratio

To make Downside Capture Ratio meaningful at the fund family level, we calculate a weighted average of Downside Capture Ratio across all funds in the fund family. The weighting schedule assigns each fund to a bucket—Current, near, or far—and gives a higher value to Current funds and funds close to their target dates than to long-dated funds such as 2040 funds. The near bucket consists of 2015, 2020, and 2025 funds, while the far bucket consists of funds at 2030 or beyond. Within each bucket, the average Downside Capture Ratio for that bucket is calculated, and then each bucket is weighted to calculate the Average Downside Capture Ratio for the entire fund family. *Note*: shorter-term funds are more critical to investors because they tend to have the highest balances, and because they are nearer to the point where they will be relied upon for retirement income. Implementing this weighting schedule inherently recognizes the glidepath and the tendency for each long-dated fund to eventually assume the performance and risk profile of the near-dated funds. Current funds are weighted 1.5X; near funds are weighted 1.25X; far funds are weighted 1X.

Average Downside Capture Ratio is the risk factor used to grade fund families in Popping the Hood VI. The 43 fund families with three-year performance histories are arranged along a curve according to their Average Downside Capture Ratio and assigned numerical grades from 1 to 5. These fund family Risk grades are relative to the other fund families with three-year histories. The Risk score counts for 25% of each company's total, or Overall score.

Standard Deviation

Although we track standard deviation for all funds with three years of performance history, we recognize this measure has limited value for assessing risk in all TDFs across the glidepath. Nevertheless, it is an accepted measure of risk and is informative to many observers, so we do display this information. For each fund company with three years of history, we plot each of their funds on a traditional Risk & Reward plot alongside the BrightScope OnTarget Indexes.

Component #5: Fees and Expenses

Popping the Hood VI uses the Net Expense Ratio disclosed in the current prospectus, as of the date of the study, for the expense standard. We attempt to report the net, "out-the-door" expense to an investor. That includes the cost of the underlying funds (acquired fund cost) as well as any net overlay (management or other fees. In nearly every case, our research focuses on the institutional share classes of target date funds. And in nearly every case, we use the fund with the lowest expense ratio fund available.

Expense Ratio

Where we do not specifically state "Prospectus Net Expense Ratio," that is what we are referring to. For brevity's sake, we may simply say, "expense ratio."

Institutional Family Mean Expense Ratio

The Institutional Family Mean Expense Ratio is the simple arithmetic mean of the Prospectus Net Expense Ratio as reported in the current prospectus, as of the date of the study, for all TDFs in the lowest cost share class of the fund family. This number is the basis for company's fee score.

Overlay Fee

The overlay fee is the amount by which the Prospectus Net Expense Ratio exceeds the Acquired Fund Cost, cited in the prospectus. The Acquired Fund Cost is simply the weighted average expense of the underlying funds in the portfolio. If the Prospectus Net Expense Ratio of the target date fund is 0.80% (80 basis points) and the Acquired Fund Cost is 0.60% (60 basis points), then the amount of the overlay is 0.20% (20 basis points). Isolating this number helps investors see if their fund company is charging them once for the underlying funds and again for allocating the underlying funds into a glidepath-driven portfolio.

Expense Bar Charts

For each fund company the institutional share classes of the entire series of target date funds is plotted (black dot) in cohort specific columns (or bars) to indicate where each particular fund in the series falls relative to its peers. The columns also provide the reader a quick view of the range of expenses by quartile, for each age cohort. For space purposes in this graphic, we have consolidated funds past their target dates with all retirement income funds in a target date series, and labeled this cohort, "Current." At the other end of the spectrum, we have also combined all funds with dates of 2040 and beyond (2045, 2050, etc.) and labeled this cohort "2040+". As noted, this information is provided for the institutional share classes (or lowest cost) share class of all funds in the study.

Fees Score

All 48 companies in the study were ranked according to their Institutional Family Mean Expense Ratio. The Institutional Family Mean Expense Ratio is simply the average of the Prospectus Net Expense Ratio for all funds in the series or "family." The 48 fund families are arranged along a curve according to their Institutional Family Mean Expense Ratio and assigned numerical grades from 1 to 5. The Fees score counts for 20% of each company's total or Overall score.

Appendix 5

SCORING

We have some reservations about distilling all of our analysis into simple numerical scores, but we recognize that investors, plan sponsors and advisors need some means of getting quick answers. Therefore, we bow to practical demand and provide a score. We hope that these scores will aid in decision making. Nevertheless, we encourage those interested in really understanding these funds to pore through the following analyses and understand the work behind the scores. For example, perhaps a particular plan sponsor considers risk of paramount importance; that plan sponsor will focus on our risk score and the other indications of risk contained in the study, such as Standard Deviation or Aggression Effect in the attribution analysis, and may devalue some of the other four components. We encourage that type of use of the information presented here.

The factors and their weightings are the follows:

- Company/Organization (10%)
- Strategy (15%)
- Performance (30%)
- Risk (25%)
- Fees (20%)
- **Overall (100%)**

We recognize there are many approaches to establishing and evaluating these components and many approaches to weighting them. This is our approach, developed by building on the knowledge we have gained in evaluating TDFs with each passing year.

Appendix 6

WORKING WITH THE BRIGHTSCOPE ONTARGET INDEXES (OTI)

The BrightScope OnTarget Indexes can make your job a lot easier.

- **Benchmarking**

  If you are responsible for the selection and monitoring of a target date fund series, the OTI can provide thorough benchmarking of performance, risk and allocation data. As the only target date indexes that tie their glidepath to the date in the fund's name, the OTI can be described as a "To" the target date index series. Performance data can now be found on Morningstar's reporting systems.

- **Target Date Management**

  If you are an advisor, consultant or plan sponsor looking for a prudent, rational, cost-effective, and transparent suite of target date portfolios for your plan participants, select us to manage those portfolios for you using the fundamental principles of the OTI.

- **Glidepath Licensing**

  If you are an asset manager, advisor, consultant or plan sponsor looking for a prudent, well-designed glidepath, and desire to retain the responsibility for selecting and monitoring the underlying components, the OTI may be right for you. We can work with you within your current structure and situation to help you find the best fit for each asset class. We can provide you with monthly or quarterly updates to facilitate the incremental allocation adjustments along the glidepath.

We accept full 3(38) fiduciary responsibility for investment management and glidepath licensing assignments.

Target Date Analytics LLC created the BrightScope OnTarget Indexes in 2007, and we continue to manage them today.

Contact us at info@ontargetindex.com to discuss your particular situation.

Appendix 7

ABOUT BRIGHTSCOPE, INC.

BrightScope is a financial information company that brings transparency to opaque markets through independent research and analysis. Delivered through web-based software, BrightScope data drives better decision-making for individual investors, corporate plan sponsors, asset managers, broker-dealers, and financial advisors. The BrightScope Rating™, developed in partnership with leading independent 401k fiduciaries, reviews more than 200 unique data inputs per plan and calculates a single numerical score which defines plan quality at the company level. In April 2011, the company launched BrightScope Advisor Pages™, the first comprehensive and publicly available directory of financial advisors designed to help consumers discover information and conduct due diligence on wealth management professionals. BrightScope also markets a suite of data analytics software products to Fortune 1000 companies, asset managers, broker-dealers, financial advisors, and other market participants. Public ratings for more than 55,000 retirement plans as well as rating definitions, criteria and methodologies, and information on more than 770,000 financial advisors and 45,000 advisory firms are available for free at www.brightscope.com.

Appendix 8

ABOUT TARGET DATE ANALYTICS LLC

The principals of Target Date Analytics LLC ("TDA") began serious analysis of target date funds in 2005, resulting in the series of comprehensive studies on target date funds, "Popping the Hood." Formally organized in 2007 to continue and expand our work, TDA remains today the leading independent source of in depth information about target date theory, design and analysis. TDA specializes in target date indexes for reporting clarity and glidepath licensing and management. TDA created and maintains the BrightScope OnTarget Indexes, the OTI. TDA also consults plan sponsors, advisors and fund companies on glidepath design and allocation, and assists with the creation and management of custom target date solutions. (www.ontargetindex.com)

About the Authors and Researchers

Craig L. Israelsen, Ph.D.
Craig was chiefly responsible for the development of the return and risk measures used to evaluate fund companies in the current study. As Associate Professor, Craig teaches Personal and Family Finance at Brigham Young University Provo, Utah. He holds a Ph.D. in Family Resource Management from Brigham Young University, a M.S. in Agricultural Economics and a B.S. in Agribusiness from Utah State University. Prior to teaching at Brigham Young University, Craig was on the faculty of the University of Missouri-(Columbia) for 14 years where he taught Personal and Family Finance in the Personal Financial Planning Department. Primary among his research interests is the analysis of mutual funds. Craig writes a monthly column for *Financial Planning* magazine. He is married to Tamara Trimble. They have seven children. Hobbies include running and woodworking.

Joseph C. Nagengast, CEBS
Joseph C. Nagengast is a principal of Target Date Analytics, a firm he co-founded with Craig Israelsen. He also serves as a senior consultant to MJM401k, an independent consulting firm advising 401(k) plan sponsors. He was previously president of Turnstone Advisory Group LLC, a firm which was merged with Target Date Analytics and MJM401k. For over 25 years, Joe has consulted clients on issues of institutional investing, fiduciary compliance, and retirement plans and policies. He is a Certified Employee Benefits Specialist, a past president of the Los Angeles Chapter of ISCEBS, and is a regular speaker and writer on topics related to retirement plans and institutional investments. He has been quoted in the Los Angeles Times, New York Times, Washington Post, Wall Street Journal, Forbes, Money, Institutional Investor and many other publications.

Brooks Herman, Head of Research at BrightScope, Inc.
Brooks is Head of Data and Research at BrightScope and is responsible for leading BrightScope's Data Organization and Research team. He oversees the Data Organization as it acquires, processes, and normalizes raw data from more than 50 sources and manages the data flow into BrightScope's product set. In addition, he is responsible for the development, writing, marketing, and sales of research based on BrightScope's robust retirement plan and financial advisor data sets. Brooks has worked extensively with multiple departments at BrightScope and is an expert in the Defined Contribution space. Brooks has been cited in the New York Times, Wall Street Journal, ABC News, CNN Money, Bloomberg, Reuters, and The Financial Times. Previously, Brooks worked at ARCH Venture Partners and Rockefeller & Company in New York. Brooks received his bachelor's degree from Columbia University, received a master's degree from Harvard University, and received his Master of Business Administration in finance from the Rady School of Management at UC San Diego.

Justin Siu, Research Assistant at BrightScope, Inc.
Justin is a Research Assistant at BrightScope and is responsible for the acquisition, organization, and analysis of data from the retirement space. He is also responsible for developing and producing research reports using BrightScope's extensive retirement data. Justin began his career at BrightScope as a Data Analyst and has since begun using his knowledge of retirement data towards their research efforts. He graduated with a bachelor's degree in Management Science from the University of California, San Diego.

Study distributed with permission for American Century Investments by Target Date Analytics, LLC and BrightScope, Inc. Reprinted format may be different from original publication.

You should consider the fund's investment objectives, risks, and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus, which can be obtained at americancentury.com, contains this and other information about the fund, and should be read carefully before investing.

Past performance is no guarantee of future results. Investment return and fund share value will fluctuate and it is possible to lose money by investing in these funds.

The BrightScope and Target Date Analytics "Popping the Hood VI, 2013" study grades target date mutual fund families on five criteria, including performance, fees, risk, organizational structure and strategy. The Overall Score for each fund family is simply the product of the scores of the five major components, weighted as follows: Company/Organization: 10%; Strategy: 15%; Performance: 30%; Risk: 25%; Fees: 20%. Each fund series receives an overall score and ranking. Researchers analyzed 48 fund companies, but ranked only 43; those were the fund series old enough to have three years of operating performance data. The study uses 2012 performance data. The study is based on the lowest price share class offered by each fund family, typically the institutional share class. The investor class, A, C, and R share classes are subject to higher expenses. Please consult the prospectus for the eligibility for each specific share class. The study is conducted on an annual basis and a new study will be available in June 2014.

The performance of the portfolios is dependent on the performance of their underlying American Century Investments funds and will assume the risks associated with these funds. The risks will vary according to each portfolio's asset allocation, and a fund with a later target date is expected to be more volatile than one with an earlier target date.

A One Choice℠ Target Date Portfolio's target date is the approximate year when investors plan to retire or start withdrawing their money. The principal value of the investment is not guaranteed at any time, including at the target date.

Each target-date One Choice℠ Target Date Portfolio seeks the highest total return consistent with its asset mix. Over time, the asset mix and weightings are adjusted to be more conservative. In general, as the target year approaches, the portfolio's allocation becomes more conservative by decreasing the allocation to stocks and increasing the allocation to bonds and money market instruments.

By the time each fund reaches its target year, its target asset mix will become fixed and will match that of One Choice℠ In Retirement Portfolio.

American Century Investment Services, Inc., Distributor